<u>IN THE SPECIFICATION</u>

The disclosure is objected to because of the following informalities:

Page 7, [0015]: "107" in line 4 should have been "106" and "108" in line 5 should have been "107".

Next, the codestream is quantized by quantization block 104, which may be quantizing based on a region of interest (ROI) as indicated by ROI block 105. After quantization, an inverse wavelet/spatial transform is applied to the coefficients via transform block <u>106</u> ~~107~~, followed by DC level shifting and optional component transform block <u>107</u> ~~108~~. This results in generation of a reconstructed image.